

Charitable Gaming

Charitable gaming includes licensed bingo and associated games such as pull-tabs, merchandise coin boards and other “free” no charge promotional events. The operation of these games is restricted to qualified licensed, religious, charitable, fraternal, veteran and service organizations. In addition, to qualify for the license, the organization must possess an Internal Revenue Service 501(c) (3), (4), (5), (7), (8), (10), (19), or 501 (d) exemption. Organizations must have been in continuing existence in this state for at least five years preceding making of application and have had at least 20 bona fide members during that period.

All proceeds derived from the conduct of bingo must be used for lawful, charitable, religious or philanthropic purposes of the organization, and no part of the net earnings may inure to the benefit of any individual member of the organization.

The chart below reflects the total number of licensees over the past three years.

TYPE OF LICENSE	FY 03	FY 04	FY 05
Regular Bingo	517	483	459
Special Bingo (Valid for one event from 1 to 7 days)	350	361	309
Abbreviated Pull-Tab (Valid for 24 hours, limit 4 per calendar year)	141	142	131
Supplier	7	7	7
Manufacturer	13	13	12
Hall Provider	151	141	131



The fees charged for the various licenses within the Charitable Games Division are as follows:

Regular Bingo License	\$50
Special Bingo License	\$25
Abbreviated Pull-Tab License	\$10
Supplier License	\$5,000 (new) \$1,000 (renewal)
Manufacturer License	\$1,000 (new) \$500 (renewal)
Hall Provider License - the fee is based on the number of occasions conducted on the premises	\$150 (new per organization) \$100 (renewal per organization)

The following chart represents the licensing fees collected for the past three fiscal years. The miscellaneous fees resulted in a negative, due to the transfer of interest charged on Supplier Tax Returns to the Proceeds for Education fund.

Type of License	FY03	FY04	FY05
Bingo Licenses	\$ 36,670	\$ 36,790	\$ 33,975
Manf./Supplier Licenses	\$ 20,000	\$ 14,500	\$ 23,000
Hall Provider Licenses	\$ 13,150	\$ 10,950	\$ 10,300
Miscellaneous (statute book sales, directory sales, interest)	\$ 610	\$ 524	\$ (53)
Total	\$ 70,430	\$ 62,764	\$ 67,222

The current tax rate for bingo paper is 2/10^{ths} of one cent per bingo face. The current tax rate for pull-tabs is 2% of the retail sales value of each pull-tab deal. The tax is remitted by the suppliers and is due by the last day of the month following the month the product was sold. The supplier retains 2% of the total due for the cost of collection. The following chart represents the bingo tax collected over the past three fiscal years. All bingo tax is deposited into the Proceeds for Education Fund.



Proceeds for Education	FY03	FY04	FY05
Supplier Tax	\$ 3,209,784	\$ 2,909,716	\$ 2,704,144
Interest Earned	\$ 143,210	\$ 86,838	\$ 94,351
TOTAL	\$ 3,352,994	\$ 2,996,554	\$ 2,798,495

The Missouri Gaming Commission adopted one new bingo regulation in FY 2005. Regulation 11 CSR 45-30.035 provides a definition of a "bingo card" which matches the definition in Section 313.005(1), RSMo. In addition, several regulations have been rescinded and many were amended. These changes were made to the regulations in an attempt to further clarify various bingo requirements and also to simplify the regulations by combining language that was contained in more than one regulation. Some of the regulations, which had an immediate effect on the operators, were Regulation 11 CSR 45-30.060, which requires the operator to notify the Commission of the bingo chairperson. Regulation 11 CSR 45-30.175, now allows the operator to destroy such records as the pull-tab flare,

winning pull-tab tickets for \$100 or more and winning bingo paper for \$200 or more, after one year. They were previously required to retain this information for three years. Regulation 11 CSR 45-30.600 was amended to clarify that the downloading into an Electronic Bingo Card Monitoring Device must be completed prior to the drawing of the first ball of a bingo game. Previously this was required to be done prior to the first ball being drawn for the entire occasion.

The bingo section received 84 complaints, 62 of which were completed in the same year. The enforcement section conducted 20 inspections during FY 2005. The audit staff assisted the enforcement section with 11 of these inspections. The audit section conducted 132 additional audits, including bingo product manufacturers, suppliers and charity game operators. Although bingo operator audits and/or inspections are generally initiated by complaints from players or members of the organization, the audit section also conducts random audits of bingo operators who had never been contacted in person by Commission representatives. At the end of last fiscal year, the audit section began implementation of a new approach to auditing the bingo operators. Previously, most operator audits were unannounced audits conducted during the operators' bingo occasions, which are usually held in the evening or on weekends. Although the audit staff was able to observe the conduct of the game, many times the necessary records needed to complete a full audit were unavailable that evening. This approach also limited the time the representatives of the organization had to spend with the staff to clarify questions or concerns. The audit staff has been setting appointments with the operators to meet with their representatives during the day to ensure the necessary records are available at the time of the audit. This allows the organization to ensure that the appropriate representatives are present to ask any questions and receive assistance in areas of concern to them. Although certain circumstances still require unannounced audits and/or inspections to observe the actual conduct of the game, the new approach has enabled us to increase the number of organizations we visit each year and has been much more efficient and cost effective for the State of Missouri.

Bingo statutes and regulations establish due dates for suppliers, hall providers and bingo operators to submit renewal applications and quarterly reports. Failure to meet the established due dates result in a penalty being assessed in the amount of \$5 per day. Penalties are also assessed in some disciplinary cases. The penalty is collected by the Bingo Division and then forwarded to the County Treasurer in the county where the company or organization is located for deposit in the county school fund. During FY 2005, the bingo section processed 198 penalties, which resulted in \$20,140.00 additional funds for various schools throughout Missouri.

Officers and/or workers of charitable organizations participating in the management, conduct or operation of bingo may only participate, if they have never been convicted of a felony. The Commission performs a criminal background check on all names submitted to ensure that no felons are involved. During FY 2005, approximately 28,447 record checks were performed and a total of 32 convicted felons were identified and excluded from participating in the management or operation of charitable games. The current number of convicted felons excluded from bingo, since 1994, is 666.